Alberta
weekly economic review

February 17, 2012

Consumer Price Index (CPI)

Alberta's inflation unchanged ...

Alberta's annual inflation rate held steady at 2.9% in January. While some of the CPI components experienced large increases, notably that of electricity prices (+63.6%), declines in natural gas, furniture and recreation prices helped prevent the inflation rate from edging higher. Food (+3.8%) and energy (+15%) prices continued to put strong upward pressure on the index; without these items, CPI increased by a much softer 1.4%. Alberta's inflation rate has edged down from its three-and-a-half year high reading of 3.4% in October 2011, although still remains slightly above its 10-year average (2.7%).

Nationally, CPI inflation crept up 0.2 percentage points to 2.5% in January, but remained within the Bank of Canada's target band of 1% to 3%. Excluding food and energy, prices grew at a more modest 1.6%. Among the provinces, Alberta, along with PEI and Newfoundland, had the second highest inflation rate at 2.9%, trailing New Brunswick's 3.2% reading.

New Motor Vehicle Sales

Auto sales cool in December, but post impressive year-over-year gain ...

Alberta auto sales took a breather in the final month of 2011. After nearly hitting their pre-recession peak in October, sales slowed for the second straight month, falling by 6.6% to 18,291 units. Despite the monthly decline, new vehicle sales posted an impressive 12.9% year-over-year gain, more than triple the national rate.

In 2011, Alberta auto sales recorded a strong 9.3% increase over 2010, driven almost entirely by new truck (including vans, buses, and SUVs) purchases.

Resale Housing Market

Resale market retreats in January ...

After a strong increase in December, Alberta's resale housing market retreated in January to a four-month low. Sales dropped 3.1% to 4,498 units in January, but were still 3.8% above January 2011 levels. New listings edged lower (-0.4%), pushing the sales to new listing ratio down slightly from 0.54 to 0.52, which is still within the "balanced" territory. Balanced market conditions have prevailed since July 2010.

Average resale prices fell 1.1% to $346,965 in January 2012, and were down slightly (-1.5%) from the same month last year.

Manufacturing Shipments

Alberta shipments dip in final month, but still hit annual record in 2011 ...

Alberta's manufacturing shipments took a step back in December. Shipments fell 3.5% to $6.3 billion in the final month of 2011, partially reversing the 7.5% jump in November. The drop was a result of sharp declines in machinery (-23.4%), computer & electronic products (-10.6%) and chemicals (-2.7%) shipments. However, despite the decline, shipments were still up a sharp 15.8% over December 2010, well outpacing the 9.1% national increase.

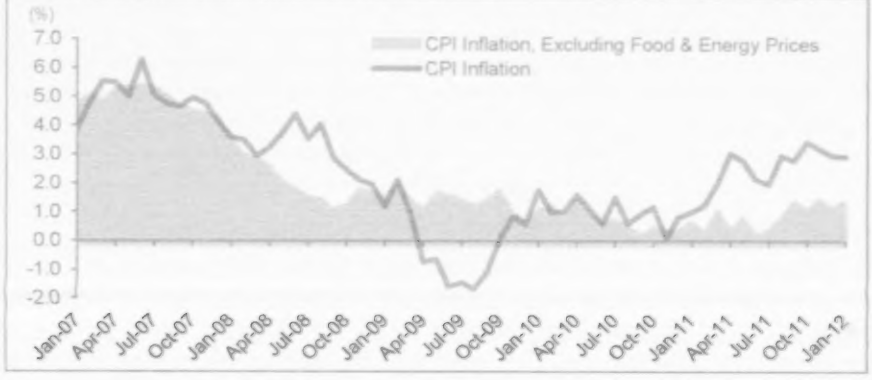
2011 turned out to be a record year for Alberta manufacturing shipments. The total value of shipments in 2011 rose 18% to around $71 billion, representing the strongest growth in the country. Shipments of petroleum products, chemicals and machinery and equipment led the way, posting the strongest gains in 2011.

Non-Residential Building Construction Price Index (NRCPI)

Alberta construction costs rise in line with the national city average...

Construction costs in Alberta's two largest cities continue to rise, but at roughly the same rate as the national major city average. In the 4th quarter of 2011, non-residential construction cost rose 3.9% in Calgary and 4.1% in Edmonton relative to the same time in 2010. This compares to a 4.1% average gain in Canada's seven major metropolitan areas. Year-over-year growth in construction costs has accelerated for three straight quarters, but is still well below the 10-year average increase of around 5.5%.

Alberta Consumer Price Index (year-over-year Percentage Change)



Closing Prices	February 10, 2012	February 17, 2012	2011–12 Fiscal YTD
Canadian Dollar ($US/$CAN)	99.84	100.03	100.74
WTI Oil ($US/bbl)	$98.67	$103.24	$96.98
NYMEX Natural Gas ($US/MMBtu)	$2.46	$2.68	$3.01

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Aug	Sep	Oct	Nov	Dec	Jan
Population[2] ('000s)	3,721	3,779	3,799			3,799	--	--	
% change	1.3	1.6	1.7			1.7	--	--	
Net International Migration ('000s)	21,183	13,660	3,136			3,136	--	--	
Net Interprovincial Migration ('000s)	21,535	14,093	7,580			7,580	--	--	
Net Non-permanent Residents ('000s)	77	7,966	2,295			2,295	--	--	
Labour Market									
Employment ('000s)	2,017	2,094	2,135.1	2,111	2,119	2,125	2,132	2,135	2,139
% change	-0.4	3.8	3.9	4.3	3.1	4.4	4.9	4.9	3.8
Unemployment Rate (%)	6.5	5.5	4.9	5.0	5.3	5.1	5.0	4.9	4.9
Participation Rate (%)	72.9	73.7	74.1	74.2	74.2	74.1	74.2	74.0	74.1
Average Weekly Earnings ($)	968	1037.9*	--	1,044.3	1,050.2	1,049.4	1,052.5		
% change	4.5	4.8*	--	4.7	4.8	4.5	5.0		
Price Indices									
NEW: CANSIM Price Index	1.8	2.4	2.9	2.9	2.8	3.4	3.2	2.9	2.9
NEW: Excluding food and energy	0.8	0.8	1.4	0.6	1.4	1.1	1.5	1.2	1.4
NEW: Non-Res Building Const. Price Index[3]	-0.1	1.4	--	--	3.3	--	--	4	--
Farm Product Price Index	-3.9	16.2*	--	11.4	13.6	11.3	8.6	--	--
Crops	-14.5	16.7*	--	9	9.5	2.8	2.5	--	--
Livestock	5.7	16.9*	--	15.4	14.4	14.3	13.5	--	--
Household Sector									
Housing Starts (CMHC, '000's)	26.9	25.5	25.4	21.1	34.4	33.0	29.9	26.3	26.4
% change	34.5	-5.3	31.6	34.1	9.6	25.0	34.7	37.4	31.6
Housing Price Index*	0.5	0.4	--	0.2	0.0	0.7	0.4	0.5	--
Edmonton	0.8	0.9	--	0.9	0.6	1.1	1.1	1.2	--
Calgary	1.7	-0.1	--	0.5	-0.5	0.3	0.2	0.1	--
NEW: MLS Average Resale Prices ($ 000's)	350.9	355.8	347.0	351.2	350.2	352.3	355.6	351.0	347.0
NEW: % change	3.1	1.0	-1.5	0.5	1.3	1.4	0.3	0.2	-1.5
NEW: Edmonton ($ 000's)	306.5	325.7	294.70	324.6	321.8	326.7	326.0	326.0	324.7
NEW: % change	2.3	-0.9	0.50	0.9	3.0	0.2	0.9	1.3	0.5
NEW: Calgary ($ 000's)	397.4	402.8	396.60	403.4	410.4	401.5	400.7	402.4	396.6
NEW: % change	3.4	0.9	-4.20	3.1	0.2	-1.8	-0.2	1.7	-4.2
Retail Sales	6.8	7.0*	--	7.2	8.0	10.5	8.9	--	--
NEW: New Motor Vehicle Sales	9.3	9.3	--	6.3	5.4	17.5	12.1	12.9	--
Consumer Bankruptcies (level)	8,150	6,969*	--	595	525	515	--	--	--
% change	-18.4	-14.5*	--	-3.3	-9.3	26.4	--	--	--
Business Sector									
Rigs Drilling (level)	207	285	401	322	346	335	330	338	401
% change	61.3	37.9	7.8	46.4	85.5	28.7	19.4	25.8	7.8
Goods Exports (current $level)	12.4	18.3	--	28.5	27.8	21.3	33.9	14.5	--
Energy	17.2	19.2	--	30.0	27.2	25.4	33.6	15.3	--
Agriculture	14.4	21.4	--	16.4	31.5	30.5	31.7	30.3	--
Total Farm Cash Receipts (quarterly)	3.9	15.4*	--	--	--	--	--	--	--
NEW: Manufacturing Shipments	11.0	18.0	--	18.6	22.9	18.4	15.4	15.8	--
Wholesale Trade	10.8	14.7*	--	14.2	12.5	17.1	15.0	--	--
Building Permits	2.1	11.2	--	39.4	29.6	12.7	14.6	50.6	--
Residential	24.7	4.7	--	29.0	33.3	21.4	35.1	37.8	--
Non-residential	-19.0	20.4	--	53.0	24.6	1.2	-7.1	65.6	--
Business Bankruptcies (level)	378	227*	--	26	23	30	--	--	--
% change	-6.7	-27.9*	--	-13.3	-32.4	25.0	--	--	--

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year- over- year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

[3] Quarterly, average of Calgary and Edmonton.

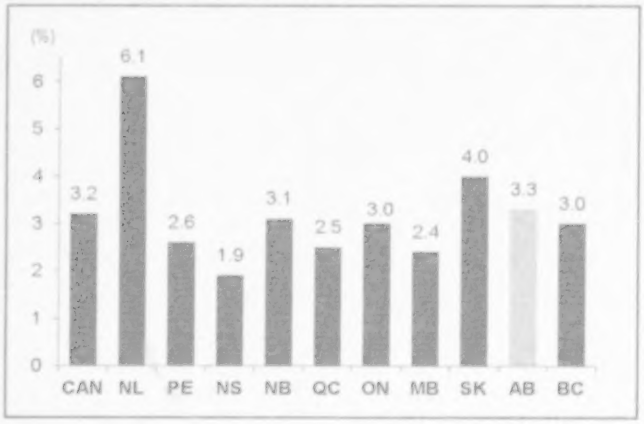
[4] Average of Calgary and Edmonton.

* Represents 2011 year- to- date.

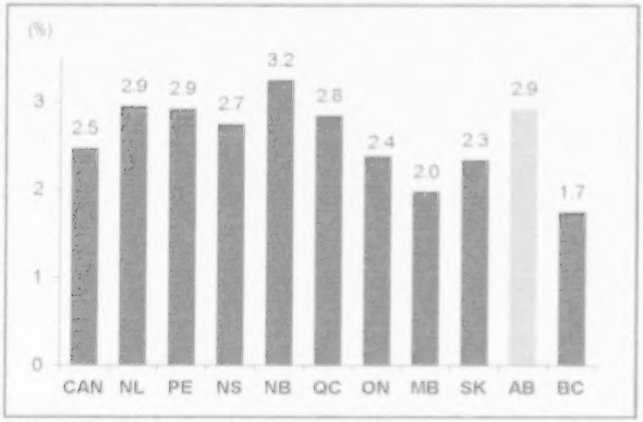
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

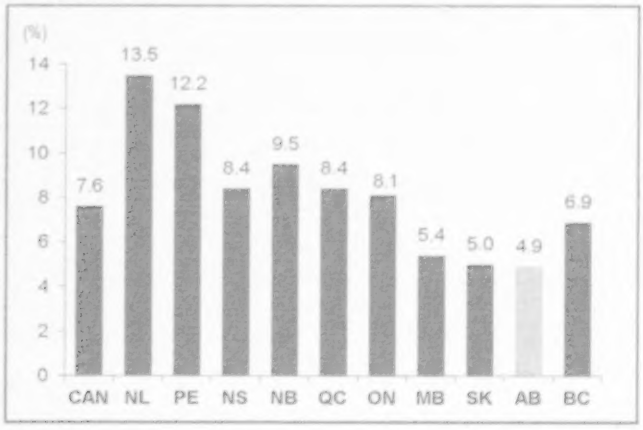
Real GDP Growth
(2010, year-over-year growth)



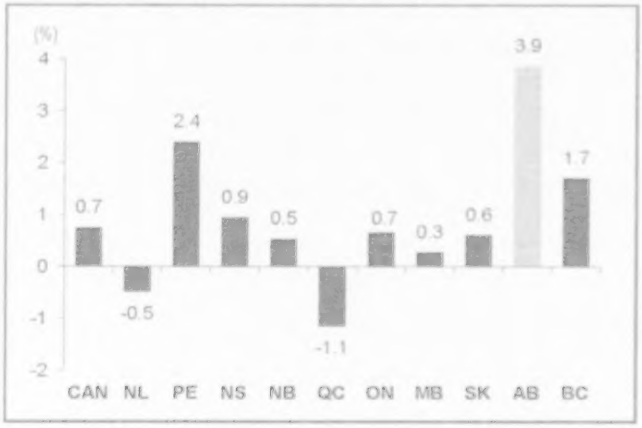
CPI Inflation
(January 2012, year-over-year growth)



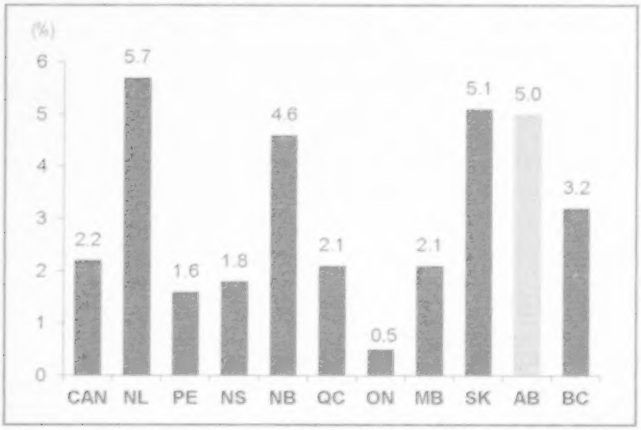
Unemployment Rate
(January 2012)



Employment
(January 2012, year-over-year growth)



Average Weekly earnings
(November 2011, year-over-year growth)



Housing Starts
(January 2012, SAAR, year-over-year growth)